

Message Text

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ACTION EB-07

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FM AMEMBASSY CAIRO

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EO 11652: NA

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SUBJECT: UNLOADING OF PL-480 TITLE I WHEAT

1. SUMMARY: CONGEN ALEXANDRIA REPORTED TO EMBASSY COMPLICATIONS WITH RESPECT TO UNLOADING OF PL-480 WHEAT WHICH HAD ARISEN IN DISPUTE OVER QUESTION OF USE OF VACUVATORS BELONGING TO GOE AND THOSE OPERATED BY ADMIRALTY AGENCIES IN ALEXANDRIA PORT. EMBASSY APPROACHES TO SENIOR MINSUPPLY OFFICIALS HAS PRODUCED ASSURANCES THAT UNLOADING WOULD NOT BE DELAYED NOR WOULD SHIPPERS PRESENTLY HANDLING PL-480 WHEAT BE PENALIZED EITHER IN TERMS OF VACUVATOR CHARGES OR CERTIFICATION OF READINESS TO ENTER PORT. EMBASSY RECOMMENDS DEPT ADVISE PERALTA AGENCY OF SITUATION AND ENSURE THAT SHIPPERS MAKE APPROPRIATE ARRANGEMENTS TO AVOID ANY POSSIBLE DIFFICULTIES. END SUMMARY.

2. CONGEN ALEXANDRIA INFORMED EMBASSY OF COMPLICATIONS WHICH HAD ARISEN IN CONNECTION WITH THE UNLOADING OF PL-480 WHEAT AT ALEXANDRIA PORT. THESE COMPLICATIONS DID NOT ACTUALLY AFFECT THE EXPEDITIOUS UNLOADING OF PL-480 WHEAT CARRIERS, BUT DID INVOLVE QUESTION OF WHETHER SHIPS WOULD USE VACUVATORS SUPPLIED BY MINISTRY OF SUPPLY OR THOSE FOR WHICH THEY HAD CONTRACTED FROM ADMIRALTY AGENCIES, INC.

3. WHILE STORY IS VERY INVOLVED, IN ESSENCE IT CONCERNS
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EIGHTEEN VACUVATORS WHICH HAVE BEEN SUPPLIED OVER THE

PAST YEAT TO BULK GRAIN CARRIERS BY CAPTAIN G. J. ROSS, DIRECTOR OF ADMIRALTY AGENCIES, WHO AT THE SAME TIME HAS ACTED AS AGENT FOR SEVERAL OF THE SHIPPERS TRANSPORTING PL-480 WHEAT. WHEN MINISTRY OF SUPPLY RECENTLY ACQUIRED 24 NEW VACUVATORS, IT SEEMS THAT QUESTION WAS RAISED AS TO LEGALITY OF ENTRY INTO EGYPT OF ADMIRALTY VACUVATORS, WHICH HAD ORIGINALLY BEEN BROUGHT IN BY A WHEAT CARRIERS AND, SINCE THEN, USED BY VARIOUS BULK CARRIERS THROUGH THE MEDIUM OF ADMIRALTY AGENCIES.

4. WHEN ESSO HALIFAX, TANKER PRESENTLY UNLOADING PL-480 WHEAT, WAS BERTHED, VACUVATORS PLACED ON BOARD BY ADMIRALTY WERE SEIZED BY CUSTOMS AND MINISTRY OF SUPPLY VACUVATORS PROVIDED IN THEIR PLACE. INCIDENTLY, ADMIRALTY'S CHARGE FOR USE OF VACUVATORS WAS \$1.50 PER TON AS OPPOSED TO \$3.00 CHARGED BY SUPPLY MINISTRY. ESSO HALIFAX MASTER OBJECTED AND SUBSEQUENTLY MATTER WAS BROUGHT TO CONGEN'S ATTENTION. LATTER'S EFFORT TO SMOOTH SITUATION IN ORDER PREVENT ANY DELAY IN UNLOADING WAS INITIALLY SUCCESSFUL, BUT, DISPUTE BETWEEN CAPTAIN ROSS AND GOE AUTHORITIES SURFACED AGAIN. MOREOVER, MINISTRY OF SUPPLY, WHICH CONTROLS PEIRS AT WHICH PL-480 IS UNLOADED, INDICATED THAT IT WOULD NOT ACCEPT NOTICE OF READINESS FROM SHIPS (STATE OF WHICH BEGINS WHEN SHIP ENTERS PORT AND IS READY TO PROCEED TO PIER FOR UNLOADING) UNLESS THEY HAD NECESSARY VACUVATORS ABOARD. CHARTER PARTY CALLS FOR TANKERS "TO SUPPLY DISCHARGING EQUIPMENT", BUT DOES NOT INDICATE WHETHER THIS EQUIPMENT NEED BE ON BAORD OR CAN BE SUPPLIED AT PORT. THIS TREAT WAS OF CONSIDERABLE CONCERN TO SHIPS BECAUSE OF DELAYS (SHORTER FOR PL-480 WHEAT SHIPS) ENCOUNTERED AT ALEXANDRIA PORT AND CONSEQUENT POSSIBLE LOSS OF DEMURRAGE PAYMENTS WHICH BEGIN UPON NOTICE OF READINESS.

5. HAVING BEEN INFORMED OF THIS DEVELOPING SITUATION BY CONGEN ALEXANDRIA AND DESIROUS OF AVOIDING ANY PROBLEMS WHICH COULD RESULT IN DELAY IN UNLOADING PL-480 WHEAT, EMBASSY APPROACHED SENIOR OFFICIALS OF MINISTRY OF SUPPLY IN ORDER TO ACCOMPLISH THIS OBJECTIVE. DISCUSSIONS WITH UNDERSECRETARY AGROUDY AND DR. AMKKAWI, DEPUTY LIMITED OFFICIAL USE

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DIRECTOR, GENERAL ORGANIZATION AND SUPPLY, HAVE EVENTUALLY PRODUCED ASSURANCES FROM LATTER THAT SHIPS CARRYING PL-480 WHEAT WILL NOT BE PENALIZED FOR FAILURE TO OBTAIN VACUVATORS FROM ADMIRALTY AGENCIES. MAKKAWI INDICATED THAT DIRECTOR OF GENERAL COMPANY OF SILOS, WHICH ACTUALLY OWNS VACUVATORS, HAS AGREED TO CHARGE THOSE SHIPS THAT ORIGINALLY HAD CONTRACTED WITH ADMIRALTY FOR THIS EQUIPMENT THE SAME PRICE, NAMELY, \$1.50 PER TON. MAKKAWI

AGREED THAT THIS REDUCED RATE WOULD APPLY TO ESSO HALIFAX AND ESSO HONG KONG (BOTH UNLOADING NOW) AS WELL AS MOUNT NAVIGATOR, EAGLE TRAVELER AND JALPIPAN (LATTER TWO HAVE FOUR VACUVATORS EACH ABOARD). THIS NATURALLY LEAVES UNRESOLVED THE QUESTION OF SHIPPERS CONTRACTS WITH ADMIRALTY, WHICH, BECAUSE OF ACTION BY GOE AUTHORITIES, WAS UNABLE TO FULFILL ITS CONTRACT. ON QUESTION OF READINESS, MAKKAWI ASSURED EMBASSY THAT MATTER WOULD BE EQUITABLY HANDLED.

6. WE HAVE INDICATED THAT OUR CONCERN IN THIS MATTER RELATED TO EXPEDITIOUS UNLOADING OF PL-480 WHEAT AND OUR DESIRE NOT TO SEE SHIPPERS CARRYING PL-480 PENALIZED FOR DOING SO. PROBLEM BETWEEN ADMIRALTY AND CUSTOMS RE VACUVATORS IS A PRIVATE ONE, PRESUMABLY TO BE RESOLVED THROUGH LEGAL MEANS. EMBASSY BELIEVES, HOWEVER, THAT PROMPT ACTION SHOULD BE TAKEN TO ADVISE SHIPPERS WHO WILL BE TRANSPORTING PL-480 WHEAT IN FUTURE THAT THEIR ARRANGEMENTS SHOULD TAKE INTO ACCOUNT VACUVATOR PROBLEM AT ALEXANDRIA PORT. EITHER SHIPPERS SHOULD EQUIP THEIR VESSELS WITH VACUVATORS OR SHOULD MAKE ARRANGEMENTS WITH GENERAL COMPANY OF SILOS, 10 SAYED DERWISH STREET, TEWFIQYA, CAIRO, EGYPT FOR SUPPLY OF NECESSARY VACUVATORS. CHARTER PARTIES SHOULD BE DRAFTED, SO AS TO MAKE CLEAR THAT SHIPS WHICH WILL OBTAIN VACUVATORS UPON ARRIVAL AT PIER WILL NOT BE PENALIZED WITH RESPECT TO STATE OF READINESS. SHIPPERS SHOULD ALSO BE AWARE OF FACT THAT PRESENT CHARGE FOR VACUVATORS SUPPLIED BY GENERAL COMPANY OF SILOS IS LISTED AT \$3.00 PER TON. (MARKKAWI TOLD EMBASSY THAT HE WOULD SEEK TO PERSUADE COMPANY TO REDUCE THIS CHARGE TO \$2.00 PER TON).

7. EMBASSY SUGGESTS THAT DEPARTMENT BRING THIS SITUATION LIMITED OFFICIAL USE

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TO ATTENTION OF PERALTA AGENCY AND REQUEST THAT IT ENSURE SHIPPERS UNDERSTAND THIS PROBLEM AND TAKE WHATEVER STEPS THEY FEEL MAY BE NECESSARY TO DEAL WITH THEM.
MAESTRONE

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